

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05
EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00
FRB-03 XMB-02 CIAE-00 INR-07 NSAE-00 PA-01 PRS-01
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-----057885 231923Z /46

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FM AMEMBASSY HELSINKI
TO SECSTATE WASHDC 1549

LIMITED OFFICIAL USE HELSINKI 1306

EO 11652: N/A
TAGS: EFIN, FI
SUBJECT: FINLAND EXTENDS STANDBY CREDIT ARRANGEMENTS

REF: 76 HELSINKI 1409

1. BANK OF FINLAND OFFICIAL INFORMED EMBOFF THAT THE BANK WILL SIGN \$300 MILLION STANDBY CREDIT ARRANGEMENT AT THE END OF JUNE WITH A CONSORTIUM OF US AND CANADIAN BANKS, LED BY MORGAN GUARANTY AND BANK OF AMERICA.

2. THE ARRANGEMENT WILL BE IN EFFECT FOR SEVEN YEARS. THE INTEREST RATE IN THE EVENT OF USE WILL BE ONE PERCENT OVER THE LONDON INTERBANK RATE DURING THE FIRST TWO YEARS AND ONE AND ONE-EIGHTH THEREAFTER. OFFICIAL STATED BANK PLEASED BY THE RATE WHICH IT CONSIDERS INDICATION OF INTERNATIONAL CONFIDENCE IN FINNISH FINANCIAL STABILITY. OFFICIAL STATED FINNS REFUSED ORIGINAL OFFER OF ONE AND ONE-FOURTH PERCENT.

3. THE CREDIT ARRANGEMENT REPLACES TOTAL OF \$300 MILLION IN SIMILAR CREDITS ARRANGED WITH VARIETY OF BANKS IN 1974-75 WHICH ARE EXPIRING, UNUSED IN JUNE AND JULY. THERE WILL BE VIRTUALLY NO CHANGE IN TOTAL OF AVAILABLE STANDBY CREDITS, \$690 MILLION.

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4. SAME TWO AMERICAN BANKS MANAGED SIMILAR ARRANGEMENT LAST YEAR (REFTEL) FOR SEVEN YEARS AND \$300 MILLION, WHICH REPLACED SHORTER TERM CREDITS AS WELL AS REPLACED THE NEVER-USED IMF STANDBY ARRANGEMENT OF JUNE 1975, AND EXPANDED TOTAL TO THE \$700 MILLION RANGE (ONE BANK HOLDING \$10 MILLION WENT BANKRUPT) WHICH BANK OF FINLAND HAS ESTIMATED AS ITS POTENTIAL EMERGENCY CREDIT REQUIRE-

MENTS. BANK DOES NOT RPT NOT INTEND
TO DRAW ON THESE ARRANGEMENTS EXCEPT IN DIRE EMERGENCY,
AS IT HAS REPEATEDLY CITED THESE ARRANGEMENTS AS INDICATION OF
BOTH WORLD CONFIDENCE IN FINLAND AND AS INDICATION TO
INTERNATIONAL FINANCIAL COMMUNITY THAT IT HAS FINNISH ECONOMIC
AFFAIRS UNDER CONTROL.
HOUSTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT AGREEMENTS, BANK CONSORTIUMS
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977HELSIN01306
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Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
Errors: N/A
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